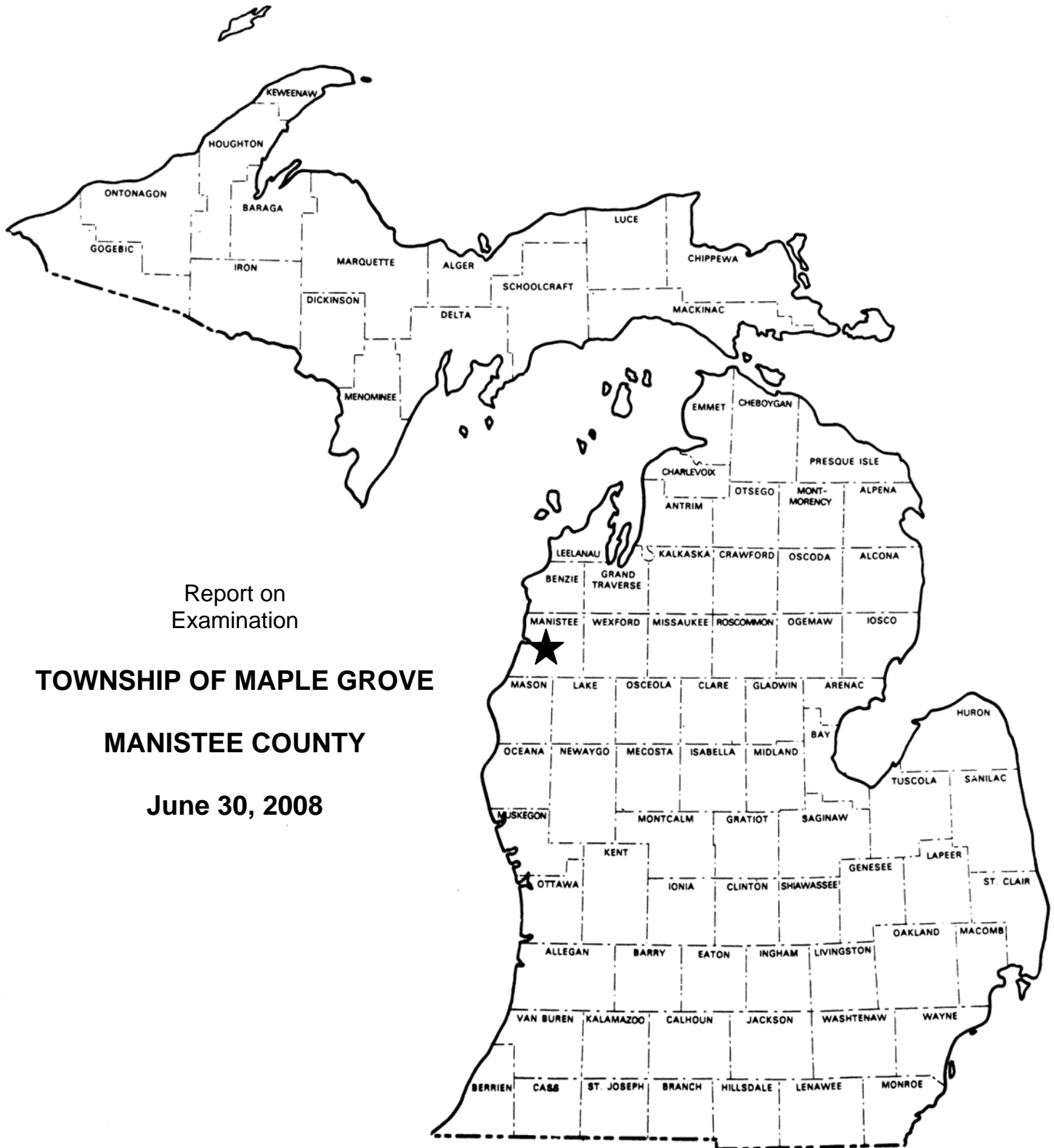


**STATE OF MICHIGAN**  
JENNIFER M. GRANHOLM, Governor  
**DEPARTMENT OF TREASURY**



MAPLE GROVE TOWNSHIP--MANISTEE COUNTY  
TOWNSHIP BOARD

H. Wayne Beldo  
Supervisor

Catherine Larsen  
Clerk

Cathryn Jezowski  
Treasurer

Kenneth Kuuttila  
Trustee

Dennis Hill  
Trustee

TOWNSHIP POPULATION--2000  
776

TAXABLE VALUATION--2008  
\$31,558,368



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

November 18, 2008

Township Board  
Township of Maple Grove  
P.O. Box 38  
Kaleva, Michigan 49645-0048

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maple Grove Township, Manistee County, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Maple Grove Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Maple Grove Township, Manistee, Michigan, as of June 30, 2008 and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2008 on our consideration of Maple Grove Township's internal control over

financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 4 and the budgetary comparison for major funds information (Exhibits G through J) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maple Grove Township's basic financial statements. The accompanying supplementary information in Exhibits K through L is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

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# MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of Maple Grove Township as a whole and present a longer-term view of the township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The net assets increased approximately 2% or \$22,141 from \$905,384 in 2006 to \$927,525 for the year ended June 30, 2008. The investment in capital assets-net of related debt increased by \$53,796, the restricted assets increased by \$28,637 and the unrestricted net assets decreased by \$60,487.

Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation. As such all assets (except for assets invested in capital assets-net or related debt) are considered restricted.

The following table shows the changes of the net assets as of the current year to the prior audited year:

	Governmental Activities 2006	Governmental Activities 2008	Difference	Percent
Current and Other Assets	\$ 634,818	\$ 603,163	\$ (31,655)	-5%
Capital Assets	270,566	516,262	245,696	91%
Total Assets	905,384	1,119,425	214,041	24%
Long-Term Liabilities		191,900	191,900	100%
Total Liabilities	-	191,900	191,900	100%
Net Assets				
Invested in Capital Assets				
Net of Debt	270,566	324,362	53,796	20%
Restricted	352,378	380,745	28,367	8%
Unrestricted (Deficit)	282,440	221,953	(60,487)	-21%
Total Net Assets	\$ 905,384	\$ 927,525	\$ 22,141	2%

# MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

### Governmental Activities

The Township's total governmental revenues increased by approximately \$66,032, primarily due to the continuing increase in property taxes, additional state grant to assist in the purchase of a new fire truck and a contribution from an additional township for fire protection services.

Expenses increased by \$64,761 from two years ago. This was primarily the result additional attorney fees, additional planning commission meetings for the development of a master plan, additional fire runs, training and fire equipment.

In a condensed format, the table below shows a comparison of the net assets as of the current year to the last audited year.

	Governmental Activities 2006	Governmental Activities 2008	Favorable (Unfavorable) Difference	Percent
Program Revenues				
Charges for Services	\$ 13,021	\$ 18,530	\$ 5,509	42.31%
Operating Grants and Contributions	23,804	43,671	19,867	83.46%
Capital Grants and Contributions		20,000	20,000	100.00%
General Revenues				
Property Taxes	185,589	208,491	22,902	12.34%
State-Shared Revenues	54,403	53,916	(487)	-0.90%
Unrestricted Investment Earnings	7,280	7,872	592	8.13%
Other Revenue	2,351		(2,351)	-100.00%
Total Revenues	286,448	352,480	66,032	23.05%
Program Expenses				
General Government	110,215	134,051	23,836	21.63%
Public Safety	54,121	96,662	42,541	78.60%
Public Works	71,223	60,507	(10,716)	-15.05%
Community and Economic Development	7,469	17,873	10,404	139.30%
Other	3,720	2,416	6,136	164.95%
Total Expenses	246,748	311,509	64,761	26.25%
Change in Net Assets	\$ 39,700	\$ 40,971	\$ 1,271	3.20%
Net Assets (Ending)	\$ 905,384	\$ 927,525	\$ 22,141	2.45%

### The Township's Funds

Our analysis of the Township's major funds are listed in the audit report, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such

# MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

as special property tax millages. The Township's major funds for 2008 include the General Fund, the Fire Fund, the Cemetery Fund, and the Transfer Station Fund.

The General Fund pays for most of the Township's governmental services. The most significant are for general government services, which incurred expenses of \$131,804 and capital outlay of \$289,791 in 2008. The general government is partially supported by operating millages and State Revenue Sharing. The fire department, which had the majority of the capital outlay is operated with a property tax millage as is the cemetery and the transfer station.

The Township's total governmental operating revenues increased by \$66,032 and by \$191,900 for other financing sources. Expenditures also increased \$267,516 primarily due to additional expenditures in general government, public safety and capital outlay.

	Governmental Funds 2006	Governmental Funds 2008	Favorable (Unfavorable) Difference	Percent
Revenues				
Taxes and Penalties	\$ 185,589	\$ 208,491	\$ 22,902	12.34%
Licenses and Permits	2,700	1,910	(790)	-29.26%
State Grants	62,170	78,037	15,867	25.52%
Contributions From Local Units	10,000	30,000	20,000	200.00%
Charges for Services	10,321	10,054	(267)	-2.59%
Interest and Rentals	13,317	17,422	4,105	30.83%
Other Revenue	2,351	6,566	4,215	179.29%
Total Revenues	286,448	352,480	66,032	23.05%
Program Expenses				
General Government	108,673	131,804	23,131	21.28%
Public Safety	40,286	70,924	30,638	76.05%
Public Works	71,124	60,357	(10,767)	-15.14%
Community and Economic Development	7,469	17,873	10,404	139.30%
Other	3,720	2,416	(1,304)	-35.05%
Capital Outlay	8,345	289,791	281,446	3372.63%
Total Expenses	239,617	573,165	333,548	139.20%
Excess of Revenues Over Expenditures	46,831	(220,685)	(267,516)	-116.15%
Other Financing Sources (Uses)				
Proceeds From Lease Purchase Agreement		191,900	191,900	100.00%
Total Other Financing Sources (Uses)	-	191,900	191,900	100.00%
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	46,831	(28,785)	(75,616)	-115.14%
Beginning Fund Balance	587,987	631,948	43,961	3372.63%
Ending Fund Balance	\$ 634,818	\$ 603,163	\$ (31,655)	254.34%



## **MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2008**

#### **General Fund Budgetary Highlights**

Over the course of the year, Maple Grove Township amended the budget to take into account events during the year. The revenue budget was not amended and the actual revenues were \$25,588 more than the final budget. The most significant differences were in the charges for services, state grants and other revenue. The expenditure budget was increased by \$31,491 during 2008 with the most significant areas in the general government, other and capital outlay. The actual expenditures were \$41,213 less than the final amended budget. The most significant areas were in the general government and public works.

#### **Capital Asset and Debt Administration**

At the end of 2008, the Township had \$516,262 invested in a broad range of capital assets, including buildings, fire and office equipment, land, and vehicles. In addition, the Township has invested significantly in roads within the township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Manistee County Road Commission (along with the responsibility to maintain them).

During 2008, the Township purchased a fire truck in the amount of \$251,900, of which \$60,000 was applied as a down payment. The Township entered into a lease installment purchase agreement for the remaining amount of \$191,900. At June 30, 2008, the balance due on the long-term debt was \$191,900.

#### **Economic Factors and Next Year's Budgets and Rates**

In the upcoming year, the Township will continue to try and keep all other expenses at a minimum due to increasing costs and decreasing revenues.

#### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's Office: P.O. Box 48, Kaleva, Michigan 49645-0048.

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**GOVERNMENT-WIDE STATEMENT**  
**OF NET ASSETS**  
**June 30, 2008**

**EXHIBIT A**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash	\$ 584,217
Due From Other Agencies	467
Due From State	<u>18,479</u>
Total Current Assets	<u>603,163</u>
Noncurrent Assets	
Capital Assets--Net of Accumulated Depreciation	<u>516,262</u>
Total Noncurrent Assets	<u>516,262</u>
Total Assets	<u><u>\$ 1,119,425</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
Long-Term Liabilities	
Installment Loan Payable--Due Within One Year	\$ 21,100
Installment Loan Payable--Due in More Than One Year	<u>170,800</u>
Total Long-Term Liabilities	<u>191,900</u>
Net Assets	
Investment in Capital Assets--Net of Related Debt	324,362
Restricted for	
Fire	160,126
Cemetery	69,991
Transfer Station	150,626
Unrestricted	<u>222,420</u>
Total Net Assets	<u><u>\$ 927,525</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

**EXHIBIT B**

<u>Functions/Programs</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Primary Government					
Governmental Activities					
General Government	\$ 134,051	\$13,364	\$ 1,618		\$ (119,069)
Public Safety	96,662	5,096	35,095	\$ 20,000	(36,471)
Public Works	60,507	70	6,958		(53,479)
Community and Economic Development	17,873				(17,873)
Other	2,416				(2,416)
Total Governmental Activities	<u>\$ 311,509</u>	<u>\$18,530</u>	<u>\$ 43,671</u>	<u>\$ 20,000</u>	<u>\$ (229,308)</u>
General Revenues					
Property Taxes					\$ 208,491
State-Shared Revenues					53,916
Unrestricted Investment Earnings					7,872
Total General Revenues					<u>270,279</u>
Change in Net Assets					40,971
Net Assets--Beginning					<u>886,554</u>
Net Assets--Ending					<u>\$ 927,525</u>

**The Notes to Financial Statements are an integral part of this statement**

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

**EXHIBIT C**

	<b>SPECIAL REVENUE FUNDS</b>				Total Governmental Funds
	General	Fire	Cemetery	Transfer Station	
<b><u>ASSETS</u></b>					
Cash	\$ 203,474	\$ 160,126	\$ 69,991	\$150,626	\$ 584,217
Due From Other Funds	467				467
Due From State	18,479				18,479
Total Assets	<u>\$ 222,420</u>	<u>\$ 160,126</u>	<u>\$ 69,991</u>	<u>\$150,626</u>	<u>\$ 603,163</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances					
Unreserved--Undesignated	222,420	160,126	69,991	150,626	603,163
Total Fund Balance	<u>222,420</u>	<u>160,126</u>	<u>69,991</u>	<u>150,626</u>	<u>603,163</u>
Total Liabilities and Fund Balance	<u>\$ 222,420</u>	<u>\$ 160,126</u>	<u>\$ 69,991</u>	<u>\$150,626</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	516,262
Long-term debt is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(191,900)</u>
Net Assets of Governmental Activities	<u>\$ 927,525</u>

**The Notes to Financial Statements are an integral part of this statement.**

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

**EXHIBIT D**

	<b>SPECIAL REVENUE FUNDS</b>				Total Governmental Funds
	General	Fire	Cemetery	Transfer Station Commission	
Revenues					
Taxes and Penalties	\$ 63,973	\$ 64,264	\$15,990	\$ 64,264	\$ 208,491
Licenses and Permits	1,910				1,910
State Grants	58,037	20,000			78,037
Contributions From Local Units		30,000			30,000
Charges for Services	5,309		4,675	70	10,054
Interest and Rentals	7,872	5,095	1,618	2,837	17,422
Other Revenue	1,700	4,866			6,566
Total Revenues	138,801	124,225	22,283	67,171	352,480
Expenditures					
Current					
General Government	116,332		15,472		131,804
Public Safety		70,924			70,924
Public Works	-			60,357	60,357
Community and Economic Development	17,873				17,873
Other	2,416				2,416
Capital Outlay	16,991	272,800		-	289,791
Total Expenditures	153,612	343,724	15,472	60,357	573,165
Excess of Revenues Over (Under) Expenditures	(14,811)	(219,499)	6,811	6,814	(220,685)
Other Financing Sources (Uses)					
Proceeds From Installment Purchase Agreement		191,900			191,900
Total Other Financing Sources (Uses)	-	191,900	-	-	191,900
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(14,811)	(27,599)	6,811	6,814	(28,785)
Fund Balance--July 1, 2007	237,231	187,725	63,180	143,812	631,948
Fund Balance--June 30, 2008	<u>\$222,420</u>	<u>\$ 160,126</u>	<u>\$69,991</u>	<u>\$ 150,626</u>	<u>\$ 603,163</u>
Excess of Revenue Over Other Sources Over (Under) Expenditures and Other Uses					\$ (28,785)
Amounts reported for governmental activities in the Statement of Activities are different because:					
Governmental funds report proceeds from borrowing as revenue					(191,900)
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.					<u>261,656</u>
Change in Net Assets of Governmental Activities					<u>\$ 40,971</u>

**The Notes to Financial Statements are an integral part of this statement.**

**MAPLE GROVE TOWNSHIP  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2008**

**EXHIBIT E**

	<u>Agency Funds</u>	<u>Pension Trust Fund</u>
<b><u>ASSETS</u></b>		
Cash	\$ 467	
Investments with Fiscal Agents	<u>          </u>	\$ 56,766
Total Assets	<u><u>\$ 467</u></u>	<u>56,766</u>
<b><u>LIABILITIES</u></b>		
Liabilities		
Due to Other Funds	<u>467</u>	<u>          </u>
Total Liabilities	<u><u>\$ 467</u></u>	<u>-</u>
<b><u>NET ASSETS</u></b>		
Held in Trust for Pension Benefits		<u><u>\$ 56,766</u></u>

**The Notes to the Financial Statements are an integral part of this statement.**

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2008**

**EXHIBIT F**

	Pension Trust Fund
	<u>          </u>
<b><u>ADDITIONS</u></b>	
Contributions	
Employer	<u>\$ 4,606</u>
Total Contributions	<u>4,606</u>
Investment Income	
Interest	<u>1,816</u>
Total Investment Income	<u>1,816</u>
Total Additions	<u>6,422</u>
<b><u>DEDUCTIONS</u></b>	
Benefit Payments	<u>          </u>
Total Deductions	<u>-</u>
Change in Net Assets	6,422
Net Assets--Beginning of the Year	<u>50,344</u>
Net Assets--End of the Year	<u><u>\$ 56,766</u></u>

**The Notes to the Financial Statements are an integral part of this statement.**

## MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maple Grove Township (township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Maple Grove Township:

##### Reporting Entity

Maple Grove Township is located in Manistee County and provides services to approximately 776 residents in many areas including public safety, highways and streets, general administrative services, and community enrichment and development. The township is a general law township, and is governed by a 5-member board elected by the citizens of Maple Grove Township. The board consists of the supervisor, clerk, treasurer and two trustees whom reside in the community.

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the township millage revenue that is reserved for the operation of the fire department.

The Cemetery Fund accounts for township millage revenue that is reserved for the operation of the township cemetery.

The Transfer Station Fund accounts for township millage that is reserved for the operation of the transfer station.

Additionally, the township reports the following fund type:

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

Cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building	20 to 40 years
Equipment	3 to 10 years
Vehicles	5 to 10 years

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township clerk and treasurer and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. The budget adopted complies with all requirements established by Public Act 2 of 1968, as amended.

NOTE C--BALANCE SHEET CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Maple Grove Township Board has designated three banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At year end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash	\$584,217	\$ 467	\$ 584,684
Investments with Fiscal Agents	<u>                    </u>	<u>56,766</u>	<u>56,766</u>
Total	<u>\$584,217</u>	<u>\$57,233</u>	<u>\$ 641,450</u>

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C--BALANCE SHEET CASH AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 584,634
Investments With Fiscal Agents	56,766
Petty Cash and Cash on Hand	<u>50</u>
Total	<u>\$ 641,450</u>

The bank balance of the primary government's deposits is \$605,984, of which \$300,000 is covered by Federal depository insurance.

Pension Trust Fund

Michigan Compiled Laws, Section 38.1121, authorizes the township to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The township pension fund investments are in accordance with statutory authority.

Pension trust monies are invested in annuities, which cannot, by definition, be categorized by risk, which is in accordance with GASB Statement No. 40.

Investments Authorized by the Township's Investment Policy

The township's investment policy only authorizes investment in all those that are authorized by law. The township's investment policy contains provisions intended to limit the township's exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The township's return on investment is of secondary importance compared to safety and liquidity objectives. Investments are selected to obtain a market average rate of return. The core of investments is limited to relatively low risk securities.

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The township's investment policy requires assets to be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s) or a specific class of securities (excluding U.S. Treasury securities and insured certificates of deposits).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law does not contain requirements that would limit the exposure to custodial credit risk for deposits. However, the asset diversification requirements included in the township's investment policy would limit, to some extent, exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law does not contain legal requirements that would limit the exposure to custodial credit risk for investments. However, the township's investment policy does contain a safekeeping and custody section that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE D--PROPERTY TAXES

The township's 2007 ad valorem tax is levied and collectible on December 1, 2007. It is the township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the township operations. Property taxes are recognized when levied since the county purchases the delinquent taxes each year.

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE D--PROPERTY TAXES (Continued)

The 2007 taxable valuation of Maple Grove Township amounted to \$32,570,522 on which ad valorem taxes of 1.4935 mills were levied for township operating purposes, 2.0000 mills for fire department operations, .4978 for cemetery operations, and 2.0000 mills were levied for transfer station operations. The millages resulted in property tax revenue of \$49,524, \$64,264, \$15,990, and \$64,264, respectively, during the fiscal year ended June 30, 2008. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

Any uncollected real property taxes which become delinquent March 1 are purchased by Manistee County and paid to the township in May or June of each year.

NOTE E--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 23,075			\$ 23,075
Subtotal	23,075	\$ -	\$ -	23,075
Capital Assets Being Depreciated				
Buildings	209,500	16,991		226,491
Equipment	111,318	4,900		116,218
Vehicles	71,500	267,900	500	338,900
Subtotal	392,318	289,791	500	681,609
Less Accumulated Depreciation for				
Buildings	33,033	5,289		38,322
Equipment	78,054	8,653		86,707
Vehicles	49,700	14,193	500	63,393
Subtotal	160,787	28,135	500	188,422
Net Capital Assets Being Depreciated	231,531	261,656	-	493,187
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	\$ 254,606	\$ 261,656	\$ -	\$ 516,262

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE E--CAPITAL ASSETS (Continued)

The depreciation expense was \$28,135 during the year. Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	\$ 2,247
Public Safety	25,738
Public Works	<u>150</u>
Total Governmental Activities	<u>\$ 28,135</u>

NOTE F--LONG-TERM DEBT

The changes in long-term debt of the Township may be summarized as follows:

	Balance 07/01/07	Additions (Reductions)	Balance 06/30/08	Due Within One Year
Lease to Own Agreement for a fire truck paid in annual installments of \$23,598	\$ -	\$ 191,900	\$191,900	\$ 21,900
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 191,900</u>	<u>\$191,900</u>	<u>\$ 21,900</u>

The annual interest and principal requirements of the township's long-term borrowing may be summarized as follows:

A fire truck was purchased on April 14, 2008 under a lease-to-own agreement through Leasing 2, Inc. The original purchase price was \$251,900 and the township put \$60,000 down. The remaining balance of \$191,900 is to be paid off in 10 years with annual payments of \$23,598 at an interest rate of 4.59%.

Year	17-Jul Principal	15-Jul Interest	Annual Payment
2008	\$ 21,100	\$ 2,498	\$ 23,598
2009	15,750	7,848	23,598
2010	16,474	7,124	23,598
2011	17,231	6,367	23,598
2012	18,023	5,575	23,598
2013	18,851	4,747	23,598
2014	19,717	3,881	23,598
2015	20,623	2,975	23,598
2016	21,570	2,028	23,598
2017	<u>22,561</u>	<u>1,037</u>	<u>23,598</u>
	<u>\$ 191,900</u>	<u>\$ 44,080</u>	<u>\$235,980</u>

MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE G--INTERFUND RECEIVABLES AND TRANSFERS

The amounts of interfund receivables and payables between funds of the township are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$467</u>	Tax Collection	<u>\$ 467</u>
Total Primary Government	<u><u>\$467</u></u>		<u><u>\$ 467</u></u>

The purpose of the interfund balance is to maintain an imprest cash balance in the tax collection bank account to keep the account open. This is not expected to be repaid within one year.

NOTE H--RISK MANAGEMENT

The township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The township participates in the Michigan Township Participating Plan (MTPP). The plan covers general liability, nonowned/hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan (Plan) operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis. Individual reserves for each participant are unavailable.

Also, the township carries workers' compensation insurance through Accident Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



MAPLE GROVE TOWNSHIP--MANISTEE COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I--DEFINED CONTRIBUTION PENSION PLAN

On May 31, 1995, the township adopted a nonstandardized money purchase pension plan as a group flexible annuity contract to provide pension benefits with the annuity effective date as of the publication date of the township pension ordinance. The pension plan is administered by Municipal Retirement Systems, Inc., under section 401 (a) of the Internal Revenue Code and is a defined contribution plan. The township clerk is the plan trustee. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is available to all township employees who are 18 years of age or older. All participants are 100% vested upon entry into the plan. Upon employment termination, the vested portion of the accrued benefits is available as a cash payment, or may remain in the plan until retirement.

The plan is fully funded by the township. Annual contributions to the plan equal 8% of the total compensation of all eligible participants. The current year covered payroll was \$57,575. The township's obligation for covered employees (14) for the year ended June 30, 2008 totaled \$4,606. The township paid their required annual contribution.

Investments are valued at fair value.

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT G**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and Penalties	\$ 62,725	\$ 62,725	\$ 63,973	\$ 1,248
Licenses and Permits	4,225	4,225	1,910	(2,315)
State Grants	66,045	66,045	58,037	(8,008)
Charges for Services	15,600	15,600	5,309	(10,291)
Fines and Forfeits	250	250	-	(250)
Interest and Rentals	7,900	7,900	7,872	(28)
Other Revenue	7,614	7,614	1,700	(5,914)
Total Revenues	164,359	164,359	138,801	(25,558)
Expenditures				
Current				
General Government	135,789	141,304	116,332	24,972
Public Works	6,000	10,025	-	10,025
Community and Economic Development	21,545	21,806	17,873	3,933
Other	-	4,700	2,416	2,284
Capital Outlay	-	16,991	16,991	-
Total Expenditures	163,334	194,825	153,612	41,213
Excess of Revenues Over (Under) Expenditures	1,025	(30,467)	(14,811)	15,656
Fund Balance--July 1, 2007	236,831	236,831	237,231	400
Fund Balance--June 30, 2008	\$ 237,856	\$ 206,364	\$ 222,420	\$ 16,056

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE DEPARTMENT--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT H**

	<b>BUDGETED AMOUNTS</b>			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 65,750	\$ 65,750	\$ 64,264	\$ (1,486)
State Grants			20,000	20,000
Contributions From Local Units	70,323	70,323	30,000	(40,323)
Interest	3,000	3,000	5,095	2,095
Other Revenue	100	100	4,866	4,766
Total Revenues	139,173	139,173	124,225	(14,948)
Expenditures				
Public Safety	68,850	88,850	70,924	17,926
Capital Outlay	70,323	70,323	272,800	(202,477)
Total Expenditures	139,173	159,173	343,724	(184,551)
Excess of Revenues Over (Under) Expenditures	-	(20,000)	(219,499)	(199,499)
Other Financing Sources (Uses)				
Proceeds From Installment Purchase Agreement			191,900	191,900
Total Other Financing Sources (Uses)	-	-	191,900	191,900
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(20,000)	(27,599)	(7,599)
Fund Balance--July 1, 2007	187,725	187,725	187,725	-
Fund Balance--June 30, 2008	\$187,725	\$167,725	\$ 160,126	\$ (7,599)

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CEMETERY--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT I**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$16,000	\$16,000	\$ 15,990	\$ (10)
Charges for Services	6,800	6,800	4,675	(2,125)
Interest and Rentals	1,500	1,500	1,618	118
Total Revenues	24,300	24,300	22,283	(2,017)
Expenditures				
General Government	24,400	24,400	15,472	8,928
Total Expenditures	24,400	24,400	15,472	8,928
Excess of Revenues Over (Under) Expenditures	(100)	(100)	6,811	6,911
Fund Balance--July 1, 2007	63,180	63,180	63,180	-
Fund Balance--June 30, 2008	\$63,080	\$63,080	\$ 69,991	\$ 6,911

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRANSFER STATION--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT J**

	<b>BUDGETED AMOUNTS</b>			Variance With
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 62,000	\$ 62,000	\$ 64,264	\$ 2,264
Charge for Services	80	80	70	(10)
Interest	2,700	2,700	2,837	137
Total Revenues	64,780	64,780	67,171	2,391
Expenditures				
Public Works	64,780	64,780	60,357	4,423
Total Expenditures	64,780	64,780	60,357	4,423
Excess of Revenues Over (Under) Expenditures	-	-	6,814	6,814
Fund Balance--July 1, 2007	143,812	143,812	143,812	-
Fund Balance--June 30, 2008	<u>\$ 143,812</u>	<u>\$143,812</u>	<u>\$ 150,626</u>	<u>\$ 6,814</u>

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**STATEMENT OF REVENUES--BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT K**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Taxes and Penalties				
Current Property Taxes	\$ 40,000	\$ 40,000	\$ 41,524	\$ 1,524
Delinquent Property Taxes	7,000	7,000	7,999	999
Swampland Tax	1,600	1,600	1,797	197
Commercial Forest Reserve	25	25	-	(25)
Interest and Penalties on Taxes	2,100	2,100	1,575	(525)
Property Tax Administration Fees	12,000	12,000	11,078	(922)
Total Taxes and Penalties	62,725	62,725	63,973	1,248
Licenses and Permits				
BOA Income	1,200	1,200	-	(1,200)
Dog License	25	25	30	5
Land Use Permits	3,000	3,000	1,880	(1,120)
Total Licenses and Permits	4,225	4,225	1,910	(2,315)
State Grants				
Revenue Sharing	62,020	62,020	53,916	(8,104)
Metro Act	4,025	4,025	4,121	96
Total State Grants	66,045	66,045	58,037	(8,008)
Charges for Services				
Land Splits	500	500	200	(300)
Summer Tax Collection	3,500	3,500	3,433	(67)
Election Reimbursement	1,500	1,500	1,646	146
Other Charges for Services	10,100	10,100	30	(10,070)
Total Charges for Services	15,600	15,600	5,309	(10,291)
Fines and Forfeitures				
Ordinance Fines	250	250	-	(250)
Total Fines and Forfeitures	250	250	-	(250)
Interest and Rents				
Interest Earned	7,900	7,900	7,872	(28)
Total Interest and Rents	7,900	7,900	7,872	(28)
Other Revenues				
Sale of Fixed Assets	7,114	7,114	-	(7,114)
Miscellaneous	500	500	1,700	1,200
Total Other Revenues	7,614	7,614	1,700	(5,914)
Total Revenue	\$ 164,359	\$ 164,359	\$ 138,801	\$(25,558)

**MAPLE GROVE TOWNSHIP--MANISTEE COUNTY**  
**STATEMENT OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT L**

	<b>BUDGETED AMOUNTS</b>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Township Board	\$ 32,511	\$ 18,419	\$ 15,055	\$ 3,364
Supervisor	9,050	9,087	7,151	1,936
Elections	6,400	7,400	2,932	4,468
Assessor	21,256	21,501	21,493	8
Professional Services	5,000	19,000	18,565	435
Clerk	18,790	18,790	15,898	2,892
Board of Review	2,642	2,827	1,318	1,509
Treasurer	19,251	19,463	18,367	1,096
Computer Processing	3,000	3,000	2,615	385
Township Hall	17,889	21,816	12,938	8,878
Total General Government	135,789	141,304	116,332	24,972
Public Works				
Road Maintenance	6,000	10,025	-	10,025
Total Public Works	6,000	10,025	-	10,025
Community and Economic Development				
Planning Commission	20,475	20,736	17,662	3,074
Board of Appeals	1,070	1,070	211	859
Total Community and Economic Development	21,545	21,806	17,873	3,933
Other				
Insurance and Bonds	-	4,500	2,221	2,279
Pension	-	200	195	5
Total Other	-	4,700	2,416	2,284
Capital Outlay	-	16,991	16,991	-
Total Capital Outlay	-	16,991	16,991	-
Total Expenditures	\$ 163,334	\$ 194,825	\$ 153,612	\$ 41,213



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

November 18, 2008

Township Board  
Township of Maple Grove  
P.O. Box 48  
Kaleva, Michigan 49645-0048

RE: Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of the Financial Statements Performed in Accordance With  
Government Auditing Standards

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information of Maple Grove Township, Manistee County, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting--In planning and performing our audit, we considered the township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the township's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the township's financial statements that is more than inconsequential will not be prevented or detected by the township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the township's internal control.



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified no deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters--As part of obtaining reasonable assurance about whether Maple Grove Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Maple Grove Township Board Members, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

November 18, 2008

Township Board  
Township of Maple Grove  
P.O. Box 38  
Kaleva, Michigan 49645

Re: Report to Those Charged With Governance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Maple Grove for the year ended June 30, 2008, and have issued our report thereon dated November 18, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated March 13, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Township of Maple Grove. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Township of Maple Grove's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures to specifically identify such matters.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 15, 2008.

### Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Maple Grove are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ending June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the use of the Township of Maple Grove’s Township Board and management of the Township of Maple Grove and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



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